



ABRACAM

Associação Brasileira de Câmbio

ABRACAM Compliance Seal

Annual Report

2024



The ABRACAM Seal is a self-regulation effort, which relies on the verification of compliance carried out by an independent auditing company, providing a much safer and more reliable business environment to all agents in the foreign exchange market that participate and benefit from it.

The fourth year of evaluation ended with results that demand even more effective action, offering institutions a valuable opportunity to reflect and continuously improve their practices to prevent money laundering and terrorist financing.



Kelly Cristina Gallego Massaro
Executive President of ABRACAM

For some years now, ABRACAM has been undertaking actions to strengthen the foreign exchange market, especially in relation to the consolidation of national and international AML/CFT good practices, defining Institutional Policies, creating a Shared Ombudsman Service, an independent Ethics Committee, made available to members, an External Whistleblowing Channel, a Professional Certification Program for employees and managers, in partnership with Fundação Getúlio Vargas – FGV, in addition to a robust training and qualification program.

Despite all these efforts and investments, it was still necessary to demonstrate the effectiveness of these measures and curb the unfair competition of agents operating in non-compliance. With these objectives, the AML/CFT Compliance Seal for the foreign exchange market emerged, a project conceived in partnership with member banks and permanent dialogue with the Conduct Supervision Area of the Central Bank of Brazil, based on a roadmap of requirements based on Circular No. 3,978, independently assessed, by the auditing firm Ernst & Young – EY.

It is with great satisfaction that, after four cycles of evaluations, we can present the expressive results highlighted in this Report, attesting to many advances and a few setbacks, which indicates the need for continuous improvement, by the institutions that are part of the foreign exchange market, of their AML/CFT controls and practices.

We continue to move forward, creating other Seal of Conformity Series, derived from the partnership built with the Wolfsberg Group, which open up new and effective possibilities for access to relationships with the main international banks; evolving audit processes; and seeking convergence with important similar class entities, in order to extend the action of the AML/CFT Seal to other segments of the National Financial System in addition to the exchange rate.

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(*) Institutions with a valid Seal, under evaluation or in the process of ACA (Adjustment Commitment Agreement)



ABRACAM

Associação Brasileira de Câmbio

About Us

ABRACAM, a non-profit class entity, represents financial institutions authorized to operate in the Brazilian foreign exchange market, their correspondents and companies that support foreign exchange activities. For 24 years, the Association has worked tirelessly to improve and strengthen the business environment in this market, through permanent, frank and participatory dialogue with regulatory and supervisory government authorities, in favor of the economic and social development of the country.

The Association promotes the synergistic debate of various topics of interest to the foreign exchange segment, in working groups, commissions, forums and events that have the participation of associated institutions, government agencies, and other class entities in the financial market.

It also seeks to develop economic and technological strategies to reduce risks and remove any obstacles, in order to provide greater security and better operability to the businesses of its members, while providing them with a broad base of information on the foreign exchange market.



Mission, Vision and Values

ABRACAM's main **mission** is to foster the expansion and strengthening of the Brazilian foreign exchange market on solid and safe competitive bases, with a **view** to eliminating unfair competition practices, preventing fraud, money laundering, terrorist financing and the proliferation of weapons of mass destruction, contributing to a competitive market. healthy and whole.

The main **values** are ethics, transparency and legality, especially in the relationship with members, government agencies and Brazilian society as a whole. Citizenship, professionalism and equality in the treatment given to members are also priorities of the Association.



Our governance

The pillars of governance of the Association are: the **Board of Directors**, elected at a general meeting of members, with a three-year term of office and composed of representatives of associated financial institutions; the **Professional Executive Management**, composed of the executive presidency, board of directors and administrative and planning and process management, with exclusive and independent dedication; the **Advisory Committee**, made up of the director and managers, who advises the executive presidency in its functions; and the **Ethics Committee**, composed of three effective members and two alternates, which acts independently, from an external Whistleblowing Channel made available to members.

Pillars of Governance



Board of Directors



Professional
Executive
Management



Advisory
Committee



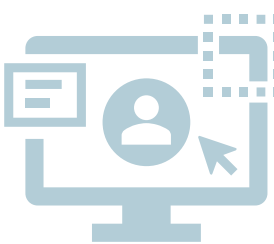
Ethics Committee

Our performance

Support: For the benefit of our members, we provide an independent Ethics Committee, Whistleblowing Channel, Ombudsman, market monitoring and a Solidarity Economy program of partnerships signed in order to optimize the relationship between third parties and the market.



Research, Development and Information: The construction of productive environments for the exchange of information takes place through the participation of collaboration forums with authorities, internal commissions, studies of regulatory impacts, journalistic and periodic economic productions.



Training: Professional development is one of the Association's focuses. We offer training, formation and qualification to professionals from all areas of the foreign exchange market, both in person and online or on a distance learning platform. We also have customized *in-company* courses and professional certification at three levels — ABT, ABT1 and ABT2 — aimed at professionals and managers who work in the areas of customer service and negotiation, compliance, risk assessment, internal controls and *back office*.



Representation: Collaboration in the agendas of authorities in order to discuss and defend the rights and interests of the segment, as well as to seek the necessary alignment to meet regulatory objectives and strengthen the financial system and its relations with society.





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ABRACAM Seal of Conformity

History

The ABRACAM Seal of Compliance in AML/CFT for the foreign exchange market, or simply "Seal", was created within the scope of a Forum composed of institutions associated with ABRACAM and with an important contribution from the Central Bank of Brazil, based on the perception that the market needed a more advanced level of action due to the new AML/CFT rules of Circular No. 3,978/2020, which evolved from a prescriptive format of the previous rule (Circular No. 3,461/2009) to greater autonomy and responsibility of financial institutions in defining their own AML/CFT policies, procedures, and controls, with even greater emphasis as of the enactment of Law No. 14,286, in early 2023.

To enable a prompt response to these challenges, the work of designing and implementing the initiative was developed by ABRACAM in a few months, with the objective of making the Seal available to the foreign exchange market simultaneously with the effectiveness of Circular No. 3,978, as of October 1, 2020.

The process, conceived as an initiative for market self-regulation, is based on a detailed evaluation of the policy, structure, procedures (including KYC, KYE and KYP) and employee training in terms of AML/CFT of each financial institution and its agents.

This evaluation is conducted by an independent auditing firm accredited by ABRACAM, following a Regulation prepared by it and widely disseminated to the market. From the second cycle, which started in 2022, the accredited company was Ernst & Young (EY).

The audit process ensures the robustness of the policy, controls, procedures and monitoring applied by the financial institutions authorized to operate in foreign exchange and their agents. Its main objective is to promote full alignment with the AML/CFT standards of the Central Bank of Brazil, with a view to ensuring compliance, in order to mitigate the risks involved and provide greater security in the relationships between partners in this market, gradually eliminating asymmetric practices.



Seal Series

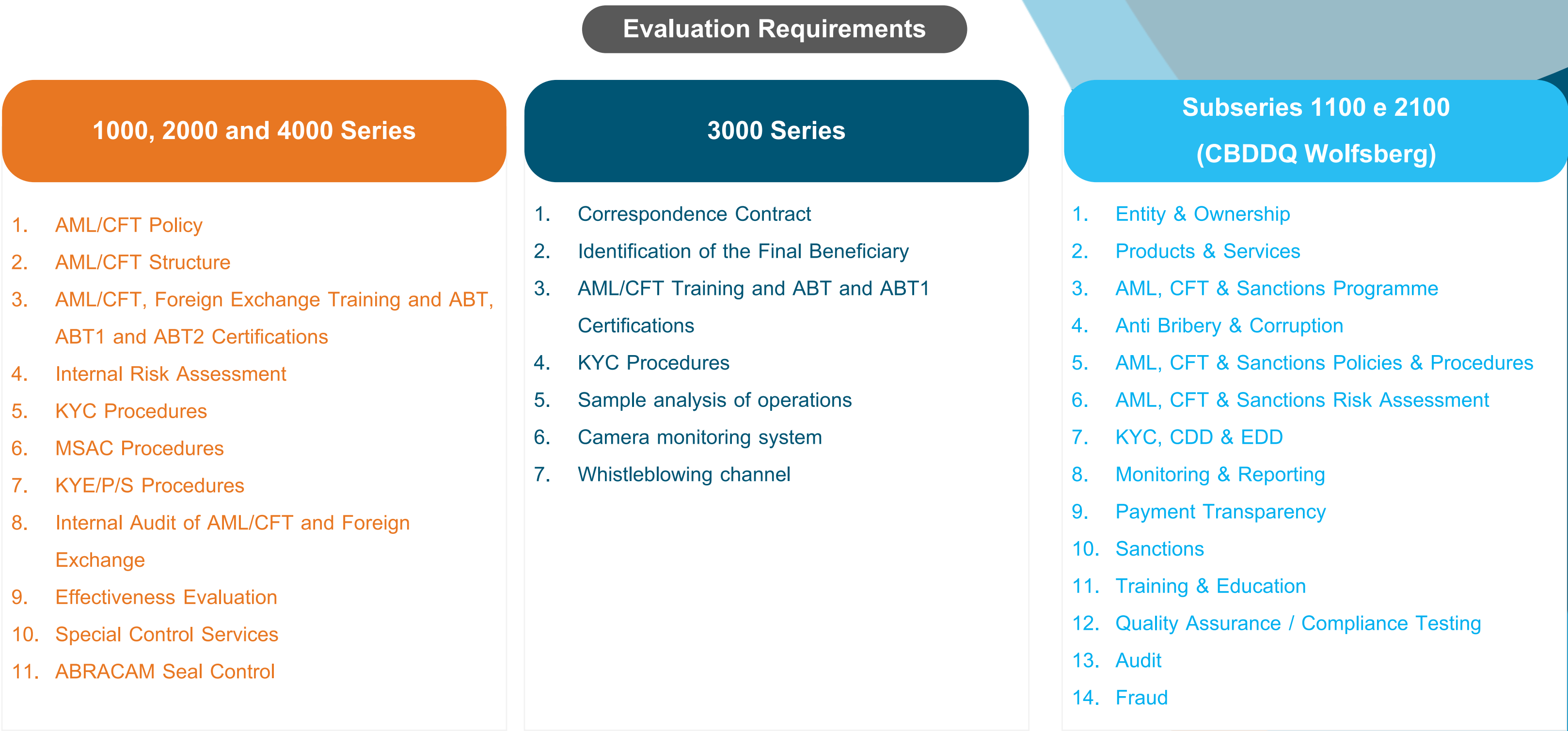
To make the process feasible, ABRACAM started from a risk-oriented gradualist approach, which initially covered three main series:

- **Series 1000:** intended for banks operating in the foreign exchange market;
 - **Subseries 1100:** intended for Banks operating in the foreign exchange market, which choose to issue a complementary report on compliance with the requirements for international banking correspondence, provided for in the Wolfsberg Group's CBDDQ questionnaire;
- **Series 2000:** intended for Foreign Exchange Brokers and Securities Brokerage Companies (CTVM's) or Securities Distributors (DTVM's) that carry out operations in foreign currencies in cash, international remittances or that have any type of relationship with Brazilian banks derived from foreign exchange operations with their customers;
 - **Subseries 2100:** intended for Foreign Exchange Brokers and Securities Brokerage Firms (CTVMs), or Securities Distribution Firms (DTVMs) that carry out operations in foreign currencies, which opt for the issuance of a complementary report on compliance with the requirements for international banking correspondence, provided for in the Wolfsberg Group's CBDDQ questionnaire;
- **Series 3000:** intended for foreign exchange correspondents included in item I of Article 13 of CMN Resolution No. 4,935/2021;
- **Series 4000:** intended for payment institutions and participants in their arrangements, authorized by the BCB, that offer or execute payment services or international transfers, including in the eFX modality, through exchange operations or account transactions in Reais of non-residents, either directly or through an institution authorized to operate in foreign exchange, either as a partner or as a client.

Regulation

The ABRACAM Seal of Compliance is issued only to financial institutions, payment institutions or correspondents that meet the minimum requirements required by the regulation.

For each Seal Series, specific compliance requirements were defined, based on the requirements of Circular No. 3,978/20, to be assessed in order to prove the existence and adequacy of AML/CFT policies, procedures and controls of the institution or its correspondents, and compliance with the rules of the Central Bank of Brazil, strictly applied to foreign exchange operations. The Seal Regulation, as well as the required compliance requirements and audit procedures, are improved every year in order to assess not only the existence and adequacy of these instruments, but above all to verify their effectiveness.



Regulation

The assessment of compliance requirements is carried out by a single auditing firm in order to ensure the affordability, the uniformity of the processes for collecting and processing the information, and the isonomy of the assessments.

Based on the results of the analysis of compliance requirements, the auditing company assigns scores from 1 to 10 to each requirement, and a minimum of 9 is required for the granting of the Seal. In the final report, which is confidential and presented only to the auditee, notes are made of potential improvements in the procedure.

The criteria for assigning the scores were developed by the auditing company and validated by ABRACAM. The issuance of the Seal is for institutions or foreign exchange correspondents whose sum of the scores of all the evaluated requirements reaches the minimum standard.

If they present deficiencies that prevent them from obtaining the Seal in the first audit, the institutions or correspondents may solve the notes and submit to a new audit, which will assess whether the adjustments have been made and the minimum score reached.

In cases where the final score of the audit process is between 8 and 9, and provided that no deficiency considered serious has been found, the flaws pointed out may be remedied in a short period of time, by signing an Adjustment Commitment Agreement (ACA), an addendum to the original contract, where the commitment by the audited institution or entity to make the necessary adjustments will be established. If they are not validated, it will result in failure in the process of granting or renewing the Seal.

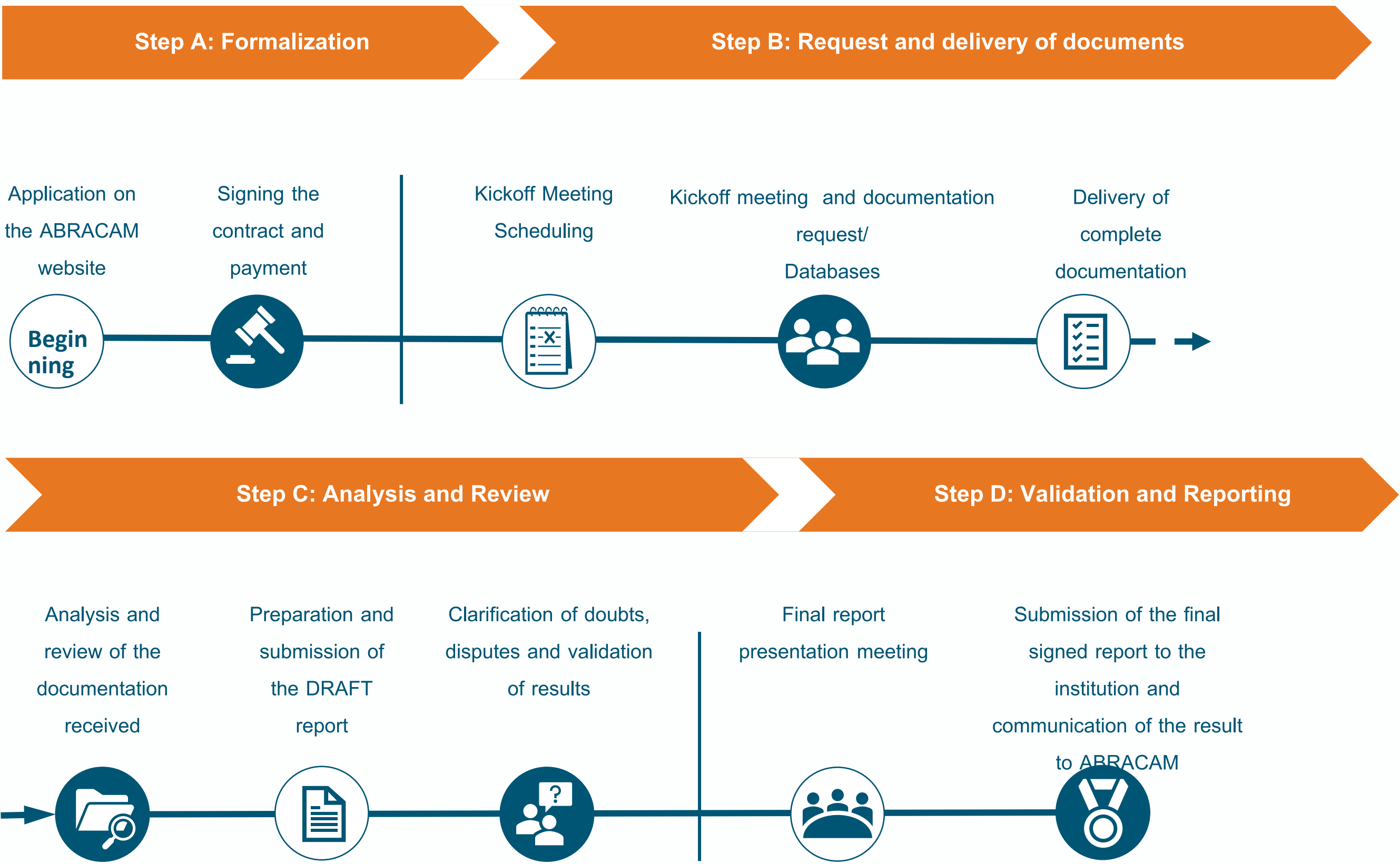
The Seal is valid for one year, and must be renewed before its expiration.



Assessment process

Based on the analysis of the compliance requirements, the auditing firm assigns a score from 1 to 10 to each requirement. In the final report, which is confidential and presented only to the financial institution or agent, notes for improvement are made if the score falls below the minimum standard established (grade 9 or higher).

The criteria for assigning the scores were developed by the auditing company and validated by ABRACAM. The Seal is issued to institutions or agents whose sum of the scores of all the evaluated requirements reaches the minimum required standard.





ABRACAM

Associação Brasileira de Câmbio

Results achieved in 2024

Results

In this process, most of the institutions authorized to operate in foreign exchange by the Central Bank of Brazil, from large and medium-sized banks, to foreign exchange brokers, CTVM's, DTVM's, and foreign exchange correspondents obtained the Seal. Many of them have already renewed it more than once, or are in the process of renewing. At the end of 2024, according to statistics released by the Central Bank of Brazil, **45.6%** of the operations registered in the primary foreign exchange market, by the equivalence in United States dollars, were conducted by certified institutions and agents.

In view of these expressive results, the positive effects of the Seal are felt and reported not only by financial institutions, which are experiencing greater security and reliability in their business and relationships with partners in this market, but also by the supervision area of the Central Bank of Brazil, and by the FATF mission that evaluated the country, which observed a significant increase in the standard of AML/CFT practices.



Executive Summary



VOLUME (*)

23 Banks

55 Brokers

270 Corresponding

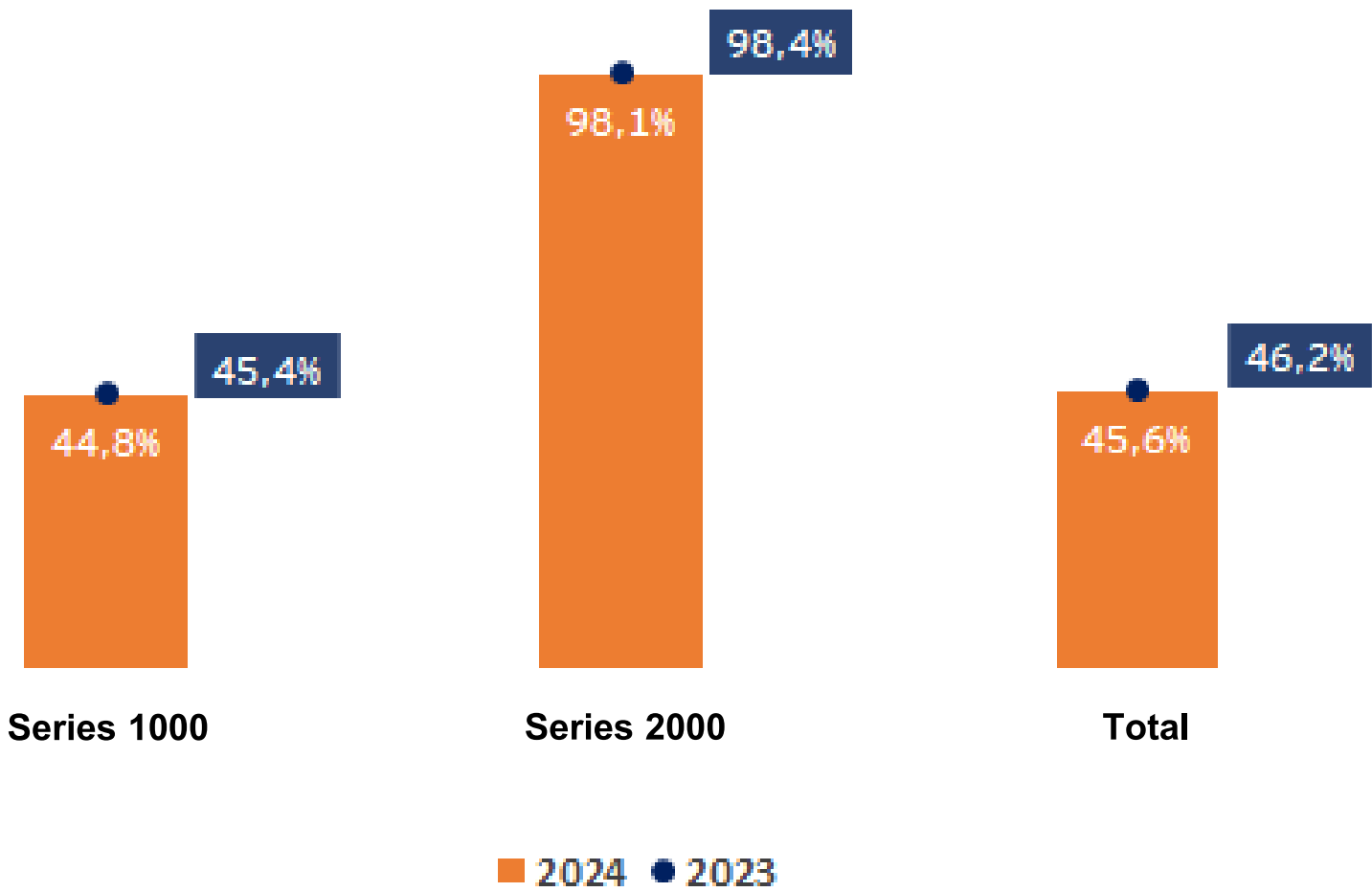
At the end of the fourth cycle, it was possible to verify an increase in adherence to the 1000 series Seal (banks), generating greater market awareness of the relevance of the Seal and an evolution in the maturity level of institutions' AML/CFT programs.



COVERAGE

At the end of 2024, about **45 operations.6%** of the volume of those in the primary foreign exchange market were conducted by **certified institutions and agents**.

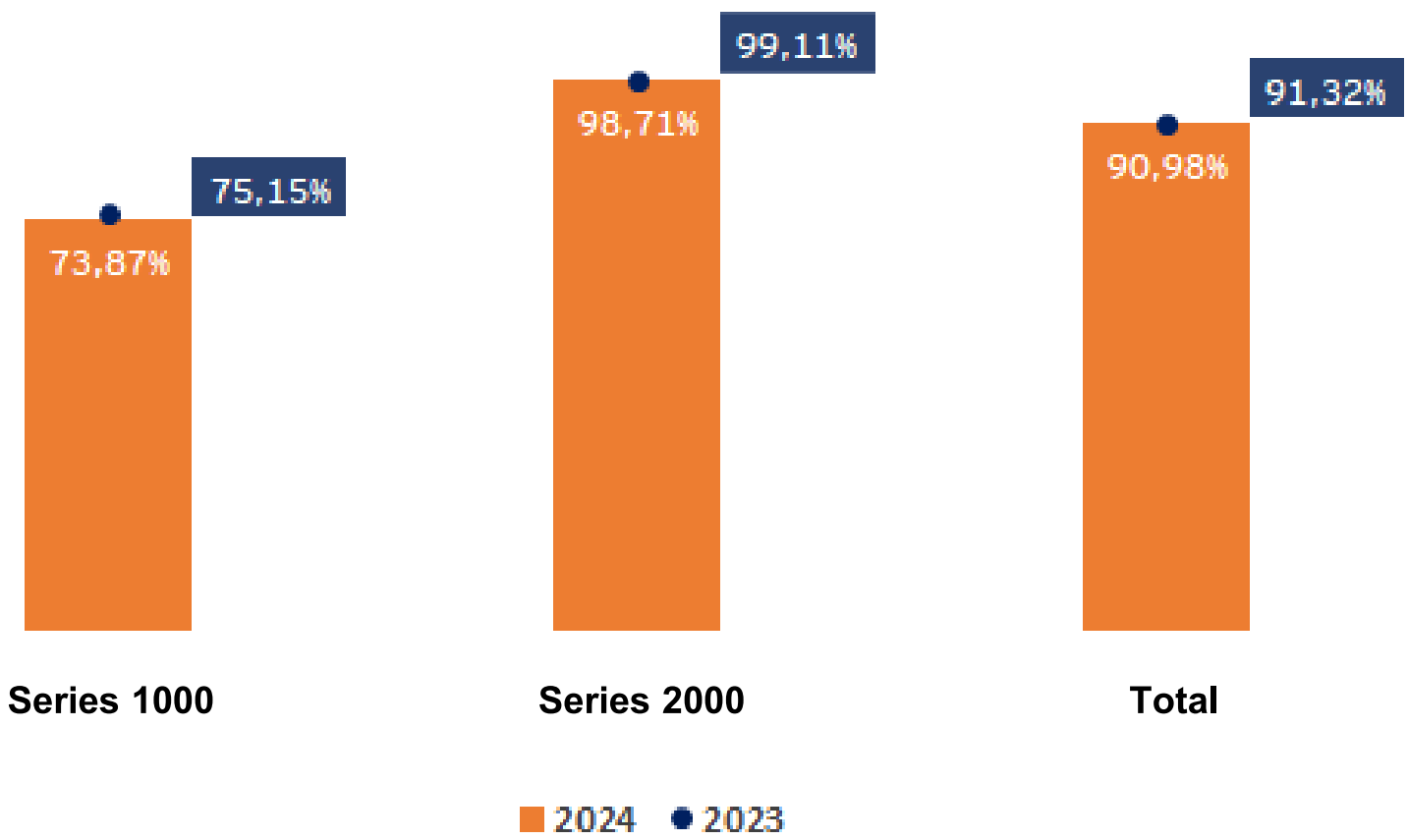
Volume of primary market transactions carried out by certified institutions (%)



VISIBILITY

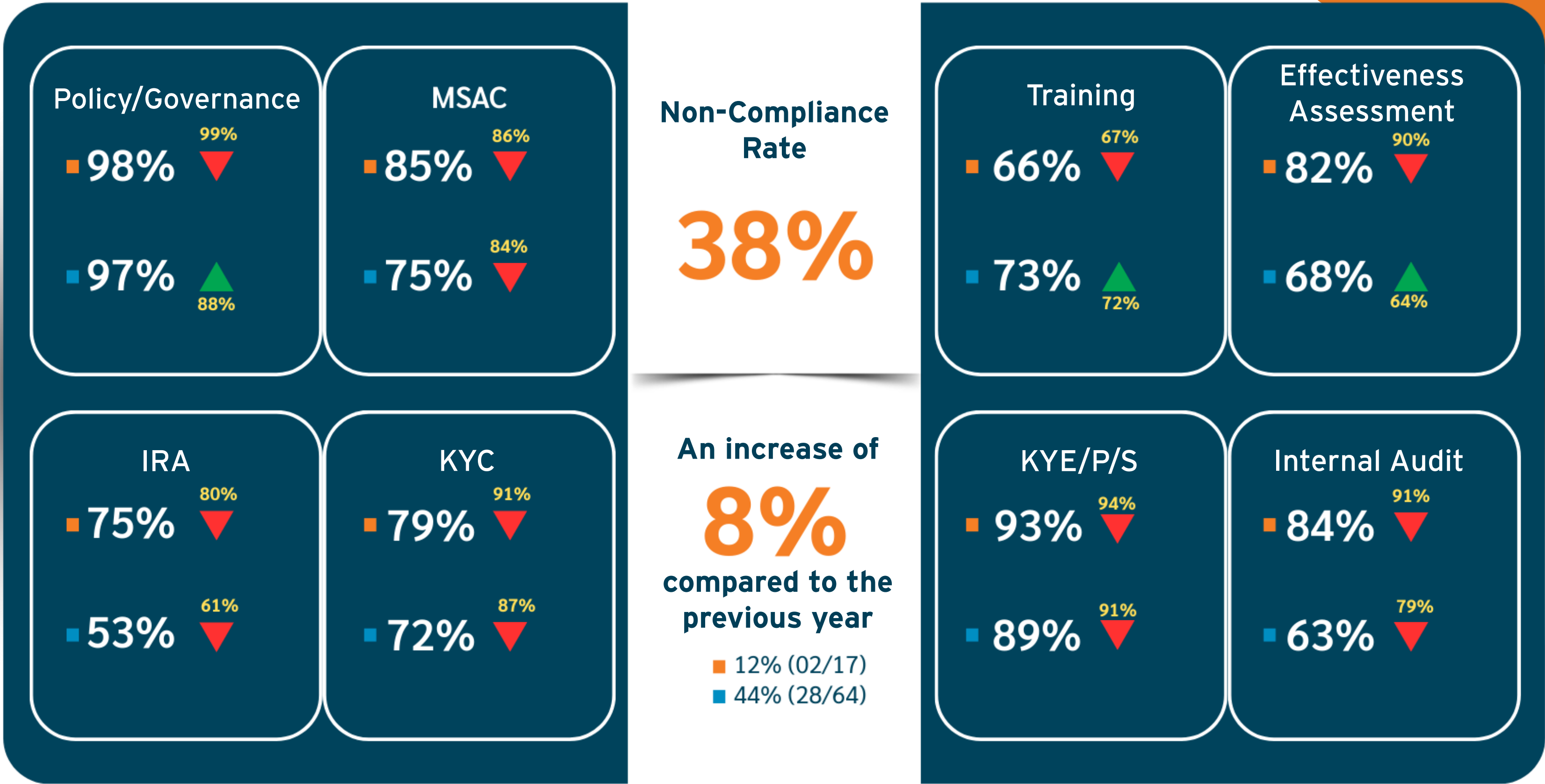
The positive effects of the Seal are felt and reported not only by financial institutions but also by the supervision area of the Central Bank of Brazil and FATF.

Primary market operations contracts carried out by certified institutions (%)



(*) Institutions with a valid Seal or in the process of evaluation

Executive Summary



The results presented reflect the **new methodology of weight 2** in the effectiveness tests, which improves the evaluation by integrating the flaws identified directly in the scores of the respective pillars. With this adjustment, we are able to better capture weaknesses and ensure that institutions with critical disabilities have their scores adjusted in a more accurate and representative way.

- 1000 Series

2000 Series
- Previous period

Improved

Worse

1000 and 2000 series – Key aspects observed

The compliance requirements assessed for obtaining the Series 1000 and 2000 Seal were evaluated based on a pre-established roadmap that covers all aspects provided for in the regulation.

1. AML/CFT Policy <ul style="list-style-type: none">Existence, approval, disclosure and sufficiency of the AML/CFT policy	5. KYC procedures <ul style="list-style-type: none">Existence, approval and updating of the KYC manualAdequacy of the KYC manualEffectiveness of procedures	8. Internal Audit on AML/CFT and Foreign Exchange <ul style="list-style-type: none">Internal Audit PlanInternal Audit ReportsProcess of regularization of AI, Selo and BACEN notes
2. AML/CFT structure <ul style="list-style-type: none">Existence and sufficiency of the governance structureWhistleblowing ChannelAML/CFT and Conflict of Interest Officer	6. MSAC Procedures <ul style="list-style-type: none">Existence, approval and updating of the MSAC manualAdequacy of the MSAC manualEffectiveness of procedures	9. Effectiveness Assessment <ul style="list-style-type: none">Existence and adequacy of the Effectiveness Assessment (AE)AE approvalProcess of regularization of AE notesProcess of communication of AE notes
3. AML/CFT Training, Foreign Exchange and ABT1 and ABT2 Certifications <ul style="list-style-type: none">Existence of trainingConducting AML/CFT and exchange-specific trainingABT1/ABT2 CertificationsTraining of contracted foreign exchange correspondentsABT1 certification of foreign exchange correspondents	7. KYE, KYS, KYP Procedures <ul style="list-style-type: none">Existence, approval and updating of the KYE, KYP and KYS manualsAdequacy of KYE, KYP and KYS manualsEffectiveness of KYE proceduresEffectiveness of KYP/S proceduresKnow Your Foreign Exchange Correspondent Procedures ManualRisk classification of the Foreign Exchange CorrespondentProcedures for monitoring the operations of the Foreign Exchange Correspondent	10. Special Control Services <ul style="list-style-type: none">Receipt of Notes by ABRACAMCommunication of Notes by ABRACAM to Senior ManagementCamera monitoring system
4. Internal Risk Assessment <ul style="list-style-type: none">Existence and approval of the IRAAppropriateness of the AML/CFT risk assessment methodologyDefinition of risk categories		11. Control of the ABRACAM Seal <ul style="list-style-type: none">Operation with institutions or correspondents that do not hold the ABRACAM Seal

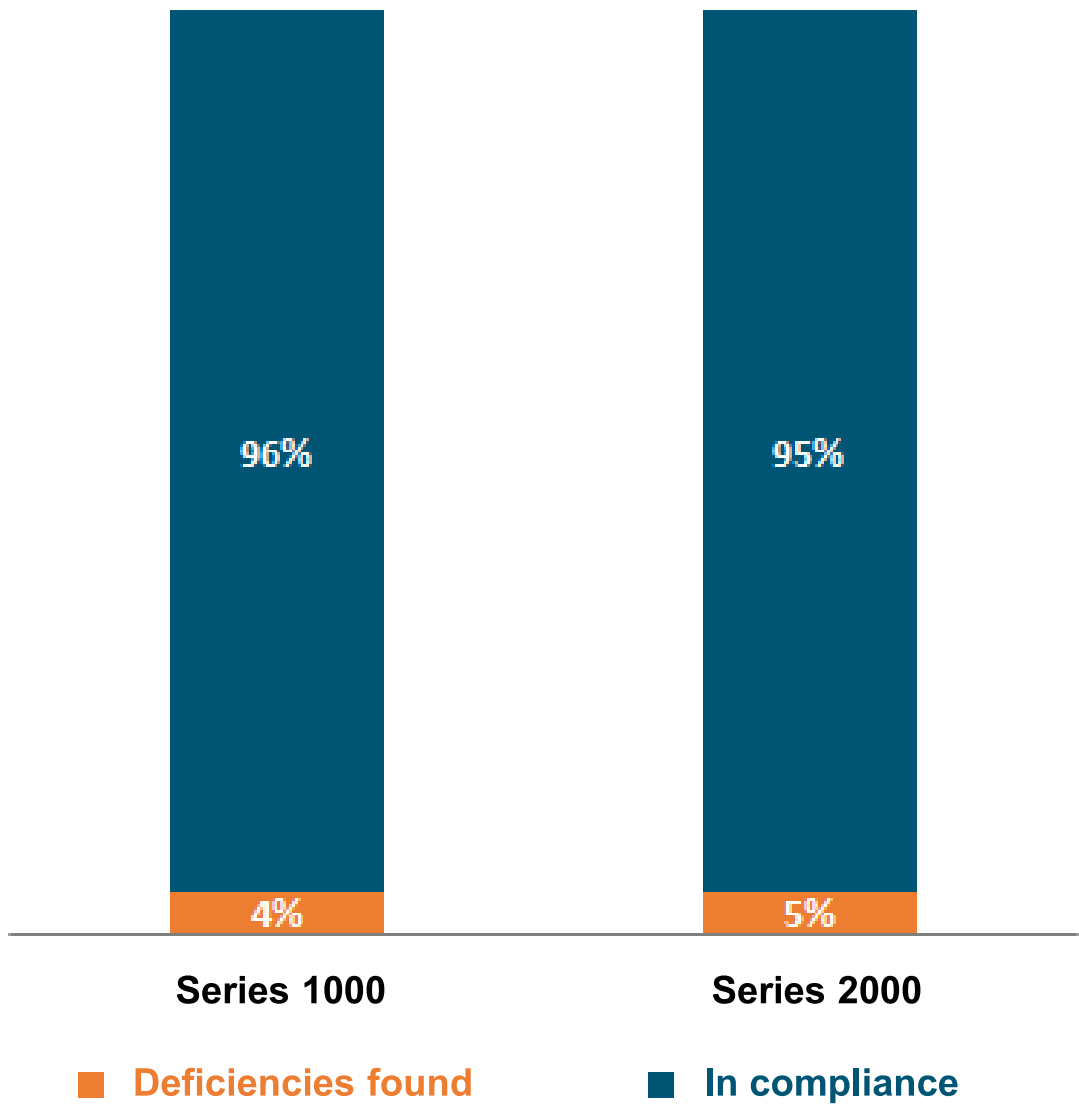
AML/CFT Policy and Structure

The AML/CFT policy is the document that must be formulated based on principles and guidelines that seek to prevent the institution from being used for money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction. The document must provide guidelines for the formulation of principles and procedures that ensure the effectiveness of the AML/CFT program. In order to ensure compliance with this policy and also the procedures and internal controls, institutions must have a governance structure appropriate to their size.

With regard to the results observed in the AML/CFT Policy pillar, in this cycle, for both series, deficiencies were identified related to non-compliance with all the guidelines provided for in article 3 of Circular 3,978/20 and the disclosure of the AML/CFT policy to partners and third-party service providers.

With regard to the results of the AML/CFT Framework pillar, the deficiencies identified are pertinent to the possibility of conflicts of interest in the functions performed by the AML/CFT Director with other first and third line of defence activities. In addition, there is no internal communication channel for complaints with anonymity.

In relation to the 2000 series institutions, there was a reduction of seven percentage points in the deficiencies of these pillars in relation to the results of the last cycle.



AML/CFT, Foreign Exchange Training and ABT1 and ABT2 Certifications

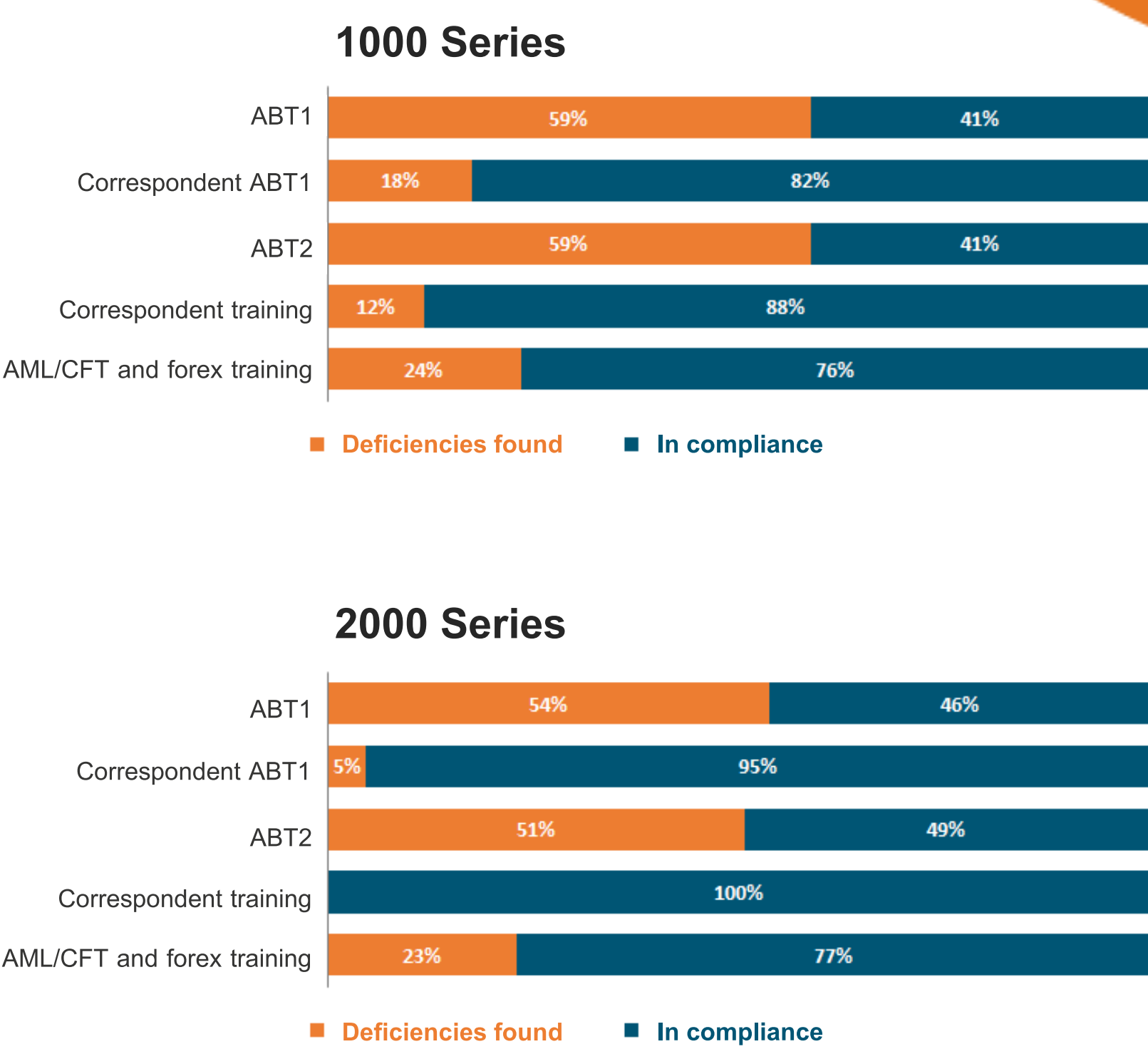
The procedures for periodic training of employees, collaborators, partners (including foreign exchange correspondents) and outsourced service providers, regarding the AML/CFT theme are of paramount importance for the promotion of an organizational culture focused on the AML/CFT program, in addition to contributing to its effectiveness and adherence.

The evaluation requirements of this pillar, in addition to AML/CFT training, include the verification of specific training in foreign exchange and the ABT1 and ABT2 certifications, provided by ABRACAM. These certifications are a way to attest to knowledge in the area of foreign exchange and AML/CFT, the first being aimed at professionals who operate foreign exchange, correspondents and people who want to enter the foreign exchange market, and the second, aimed at managers and directors of institutions.

The results observed for the 1000 Series indicate a significant improvement in AML/CFT and exchange-specific training, as well as ABT1 certified professionals. In relation to ABT2 certification, the percentage of deficiency increased by only one percentage point compared to the previous cycle.

For the 2000 Series, there was an improvement in the results related to the ABT1 and ABT2 certifications, compared to the previous cycle. Also noteworthy is the improvement in relation to AML/CFT and exchange-specific training, with a 5% higher compliance rate.

Finally, for correspondent foreign exchange with higher risk, a percentage of ABT1 compliance was higher than 80%.



Internal Risk Assessment

The Internal Risk Assessment (IRA) is the basis of an AML/CFT program, as it is through it that the institution will measure its exposure and the probability of materializing the risks of using its products and services in the practice of money laundering and terrorist financing. The assessment should consider, at a minimum, the following risk profiles:

- customers;
- of the institution, including the business model and geographic area of operation;
- operations, transactions, products and services, covering all distribution channels and the use of new technologies; and;
- of the activities carried out by employees, partners and outsourced service providers.

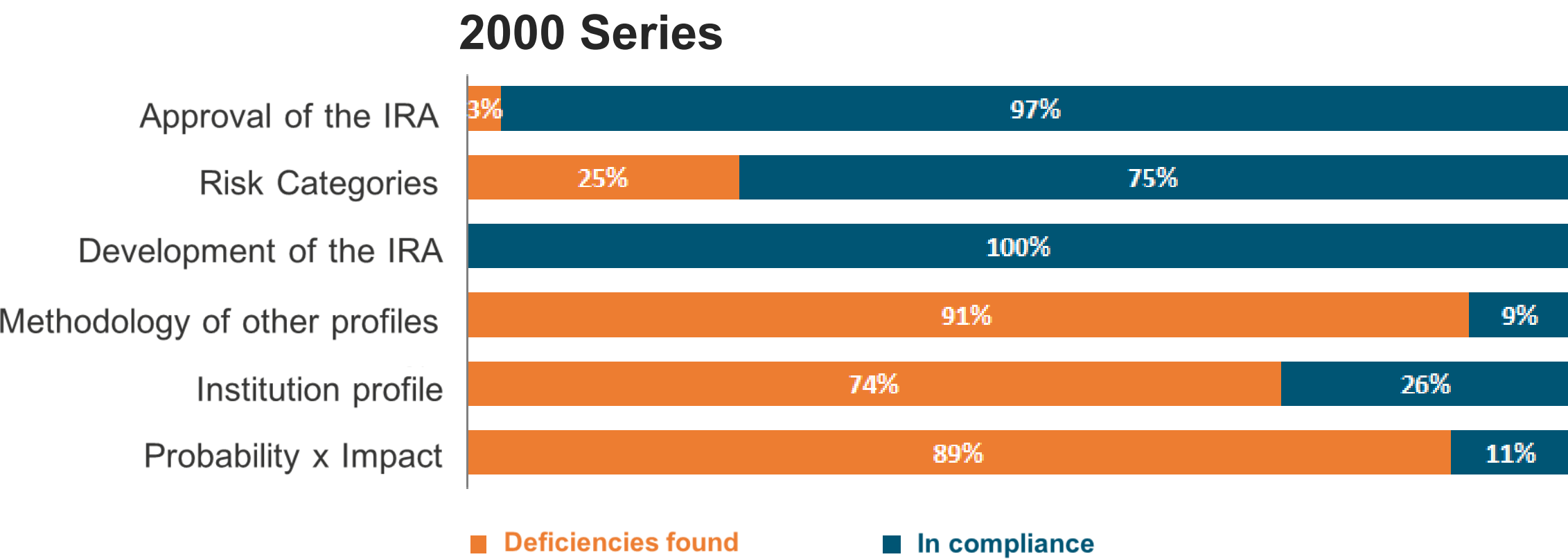
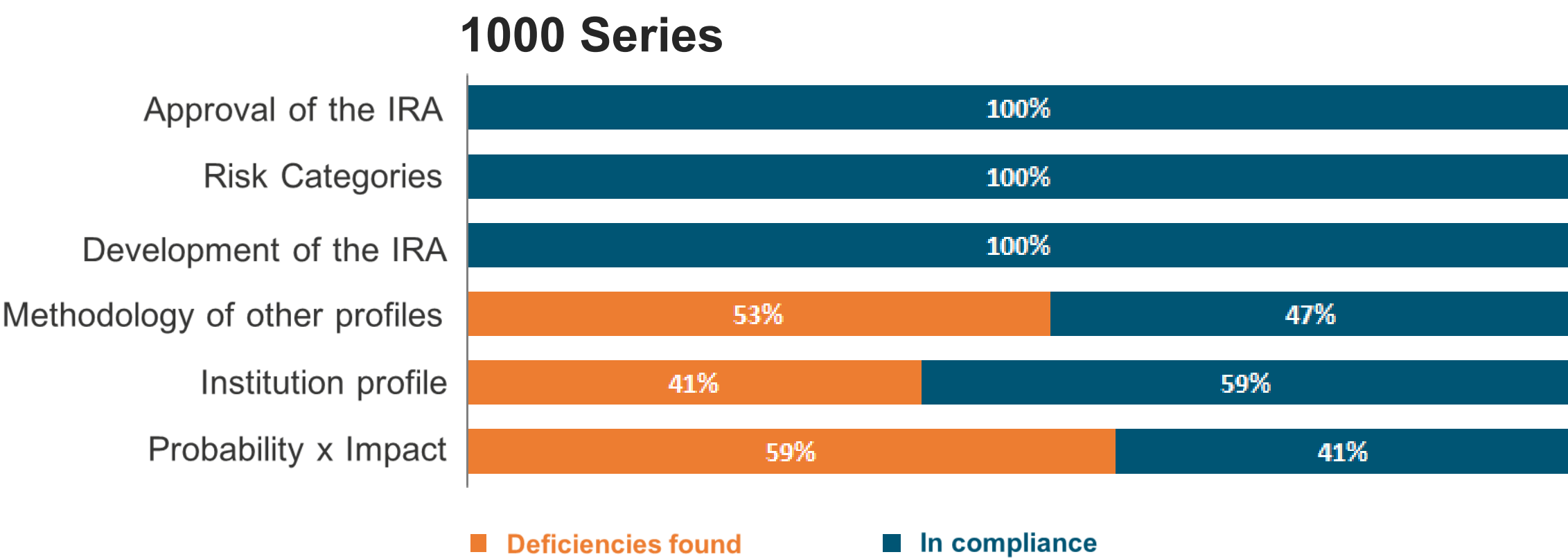
The IRA should also use as a subsidy the result of the National Risk Assessment of AML/CFT, Brazil 2021 (NRA), which was coordinated by the Council for the Control of Financial Activities (Coaf) and had the participation of the Central Bank of Brazil (BCB) and the Ministry of Justice and Public Security. In addition, the Sectorial Risk Assessment, Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction within the scope of action of the Central Bank of Brazil (SRA-BACEN), of June 2023.



Internal Risk Assessment

In this cycle, a high rate of deficiency related to the risk methodology was observed. With regard to the identification of the ML/CFT risk, most of the institutions evaluated were not able to prove that the identified risk was evaluated in terms of its probability of occurrence and the magnitude of the "financial", "legal", "reputational" and "socio-environmental" impacts, as determined in the second paragraph, Article 10 of Circular 3,978/20.

In addition, the evaluation of the institution's profile and other profiles remains inadequate in the following aspects: (i) absence of the institution's risk determination rationale, including the use of subsidies such as NRA/SRA; (ii) lack of detail of the attributes and weights used in determining the risk of customers, products, services, operations and transactions; (iii) absence of detail of the rationale used to classify the activities performed by employees, partners and contractors; and (iv) absence of risk photographs.

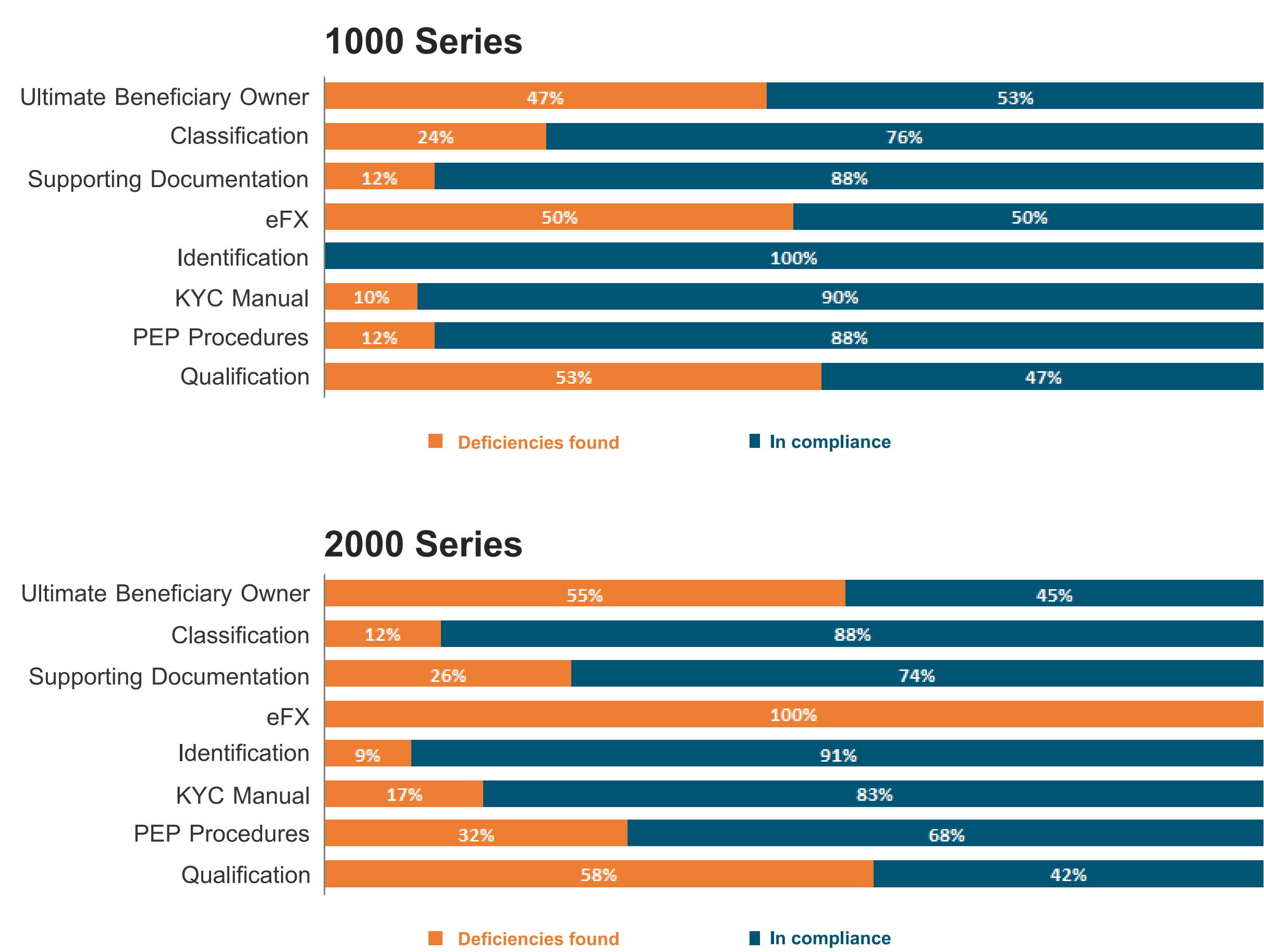


KYC Procedures

Institutions should implement know-your-customer procedures, including procedures that ensure due diligence in their identification, qualification, and classification, such procedures are central to the AML/CFT program.

As already mentioned, the IRA is the basis of the AML/CFT program, so that the Risk-Based Approach (RBA) adopted by the institution is reflected in the KYC procedures, allowing the adoption of reinforced management and mitigation controls for situations of higher risk and the adoption of simplified controls in situations of lower risk.

Below are the compliance levels of the requirements of KYC procedures:



KYC Procedures

The main deficiencies identified in this procedure are the following:

KYC Manual: absence of the necessary information provided for in Circular 3,978/20, including the details of the procedures for collecting, verifying, validating, and updating the information of individual and corporate customers;

Identification: absence of collection and/or safeguarding of the customer's identification document;

Qualification: absence of collection of information that allows the assessment of the client's financial capacity and the respective updating of this information; deficiencies related to the reinforced diligences in this procedure were also identified;

Verification of the PEP condition and related diligences: failure to obtain authorization by higher authorities, to evaluate the beginning or maintenance of the relationship with the PEP client, in addition, failures were identified in the verification of this condition, especially in the use of non-exhaustive and international lists, which include all persons classifiable as PEP, including representative, family member or close collaborator of these people;

Identification and Qualification of the Final Beneficiary: absence of identification of the natural person characterized as the final beneficiary, including the representative, attorney-in-fact and agent, who exercises de facto command over the activities of the legal entity; failure to apply the qualification procedures defined for the risk category of the corporate client in which the final beneficiary holds an equity interest, in addition to the absence of such information in a computerized system;

Classification: divergence between the risk assigned to the customer versus IRA criteria, or absence of the customer's risk classification;

Due diligence applied to eFX (Payment or International Transfer Service: absence of enhanced due diligence considering the aggravated risk of the activity performed by these institutions, in compliance with the guidelines of BCB Res. 277/22. In this cycle, deficiencies were observed related to: (i) lack of formalization of the diligences aimed at ensuring the KYC procedures adopted by eFX and assessing whether they are effective; (ii) lack of formalization of Monitoring procedures, including the detailing of the criteria for verification of file C220; (iii) absence of eFX vs Merchant contract collection; (iv) lack of diligence to verify the pre-fact C220 file, that is, prior to the completion of the operations, in addition to not very comprehensive verifications, which do not consider "regularity of the CPF", "beneficiaries of social programs", "restrictive lists/PEP", "operational limits", "payments by third parties", among others; and (vi) fractionations of end-user operations were also identified in the C220 files;

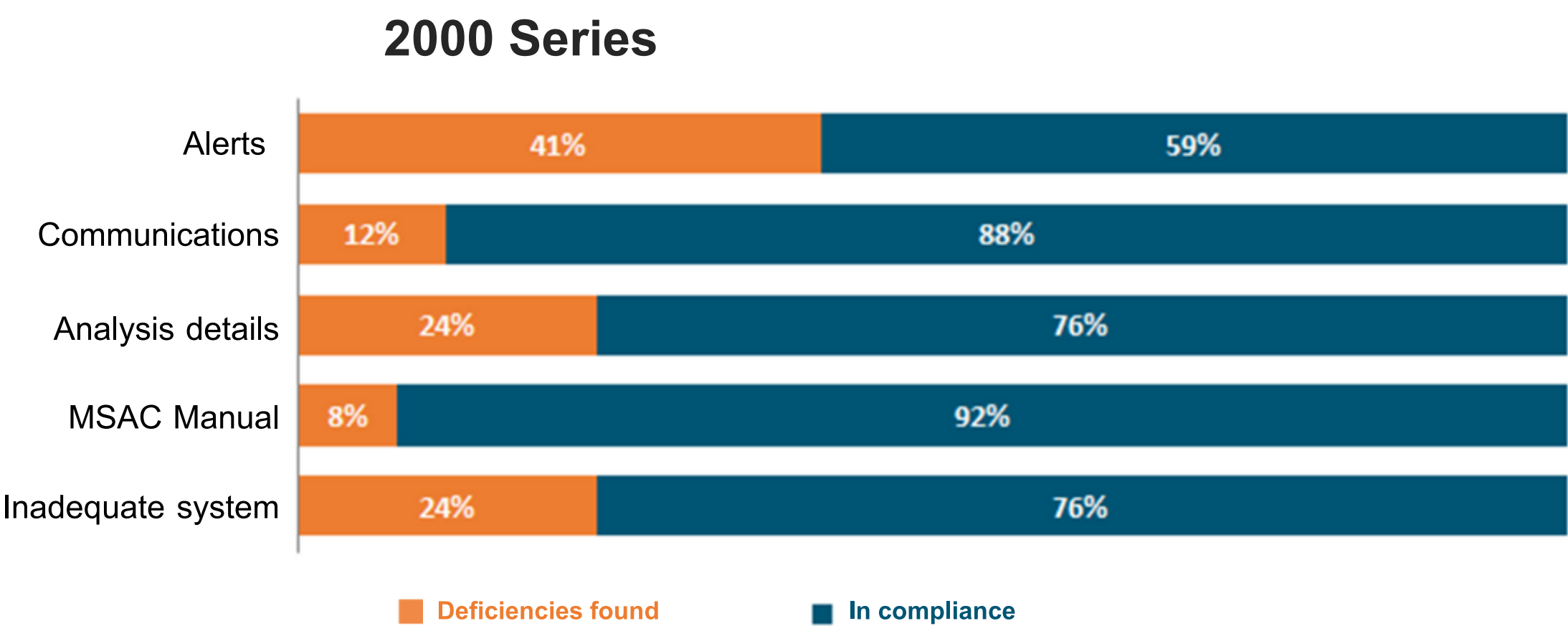
Operation Record and Supporting Documentation: absence of documentation or control that provides information on the customs clearance of goods arising from export/import operations, or eventual communication to Coaf.

MSAC Procedures

The procedures for monitoring, selection, analysis and communication (MSAC) of suspicious operations and situations aim to identify and pay special attention to suspected money laundering and financing of terrorism. The AML/CFT program is an integrated system, where the information obtained and used in KYC procedures, after proper storage, must be used in MSAC procedures, which includes personal/corporate name, CPF/CNPJ, address, income/revenue, among others.

In this cycle, the results of the evaluations are as follows:

It is worth mentioning that the deficiencies identified in this procedure are predominant factors in the failed institutions.



MSAC Procedures

The main deficiencies identified in the pillar are described below:

Manual Adequacy: lack of formalization of the monitoring, selection, analysis and communication procedures in a specific manual and/or document approval. In cases where the manual exists, lack of formalization of the criteria for defining the periodicity and execution forecast of the monitoring and selection procedures for the different types of operations and situations monitored; parameters, variables, rules and scenarios used in monitoring and selection for different types of operations and situations;

System Adequacy: the systems or mechanisms used in monitoring are not able to identify all suspicious situations and/or operations indicated in “Circular 3.978/20 and 4.001/20” and/or are not capable of generating evidence to prove compliance with the regulatory deadlines of 45 days for selection and analysis;

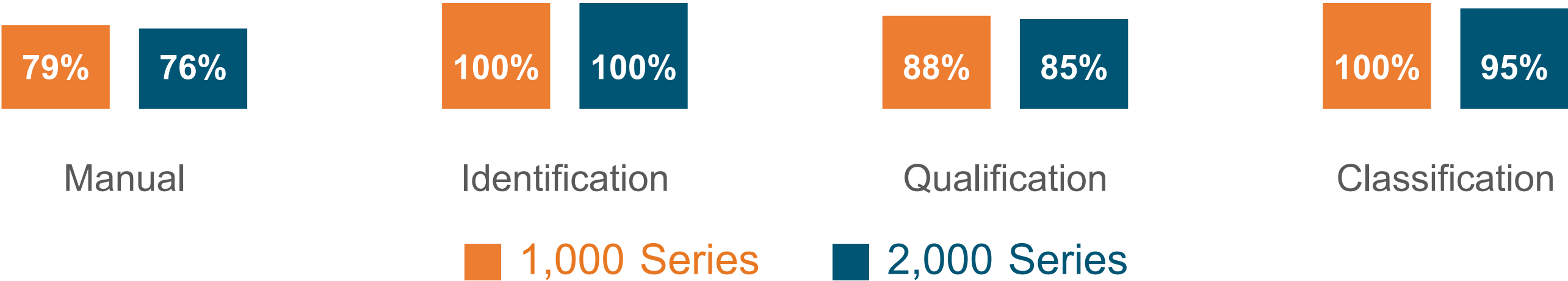
Analyses details: absence of detail in the analyses carried out, in regard to the characterization or not of the operations and situations selected as suspected of money laundering and terrorist financing;

Alerts and Communication: failure to meet the regulatory deadlines for selection and analysis (45 days) and communication (1 business day, given the decision to communicate).

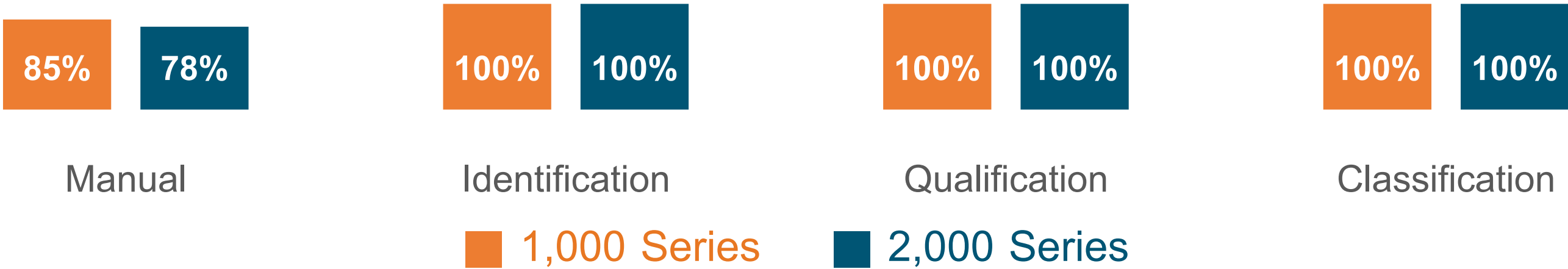
KYE/P/S Procedures

The KYE (Know Your Employee), KYP (Know Your Partner) and KYS (Know Your Supplier/Outsourced Service Provider) procedures must include procedures that allow identifying, qualifying and classifying, according to the activities performed, the risk of employees, partners, suppliers and outsourced service providers. In this cycle, the results were as follows:

Compliance Index - KYE



Compliance Index - KYS



Compliance Index - KYP



KYE/P/S Procedures

The main deficiencies identified in these procedures are the following:

Manual adequacy: lack of formalization of the identification and qualification procedures, as well as the criteria for the classification of the activities performed by its employees, partners and outsourced service providers into risk categories;

Identification: a of adequate identification of partners and outsourced service providers;

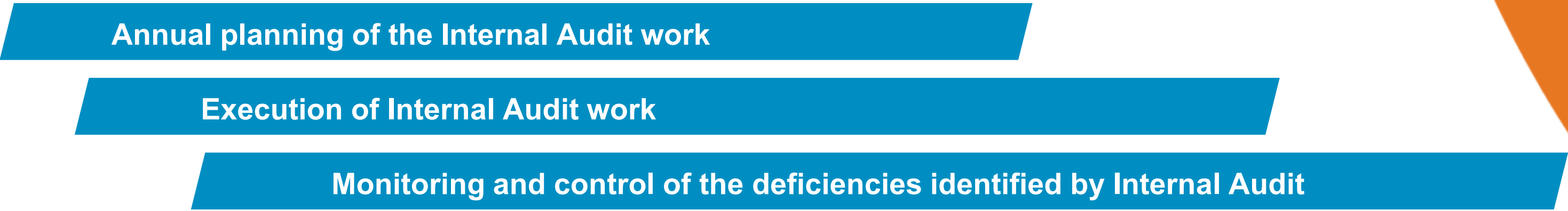
Qualification: lack of adequate qualification according to the guidelines of internal manuals, including related enhanced due diligence, such as monitoring to identify unusual changes in the living standards and behavior of the employee, partner or outsourced service provider, without apparent cause;

Classification: lack of classification or classification without considering the “Internal Risk Assessment” methodology, or even without considering the activities performed;

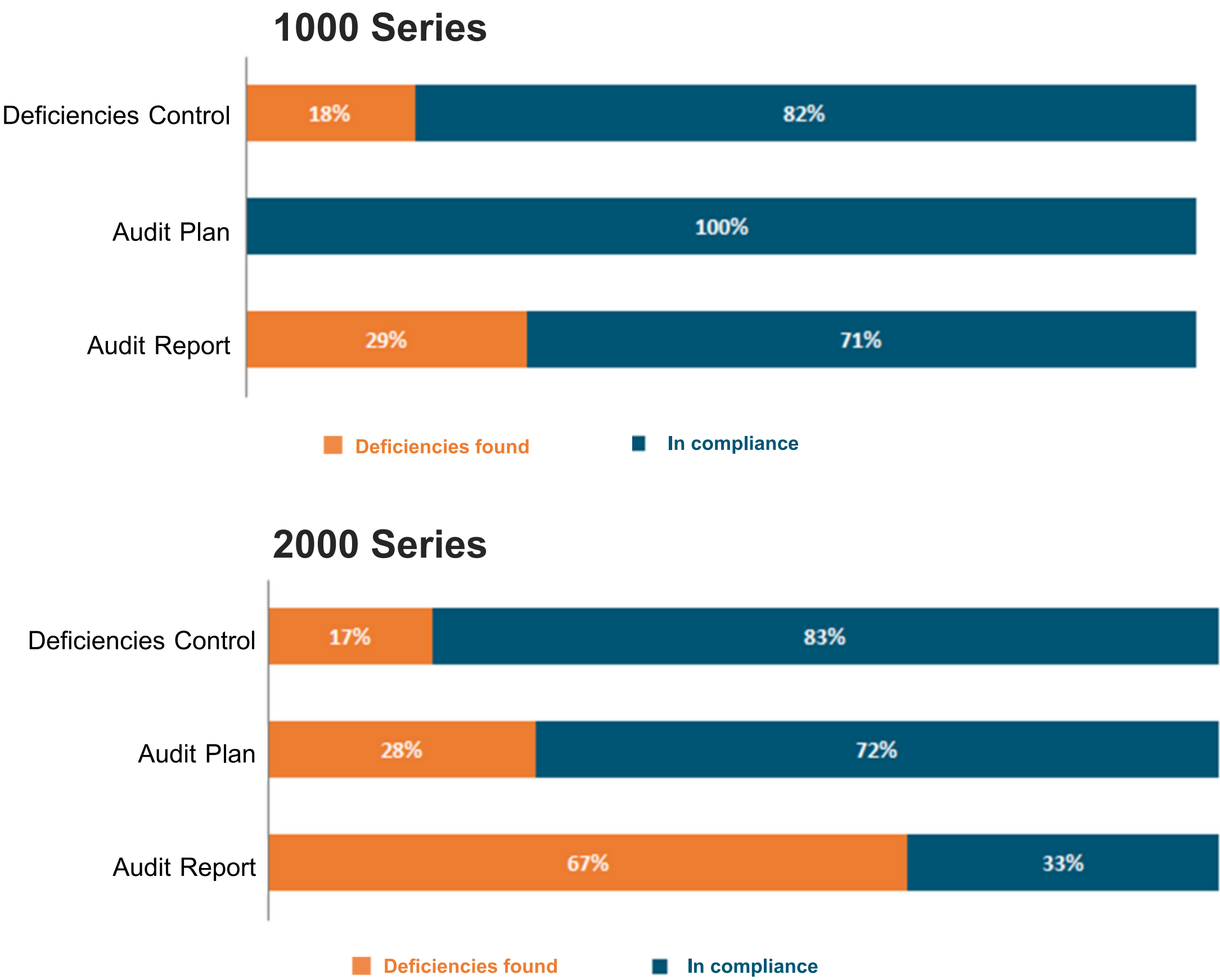
Correspondents Monitoring: lack of visits prior to hiring, monitoring of operations carried out by correspondents, following ABRACAM Regulations, as well as the preparation of periodic individual reports.

Internal Audit on AML/CFT and Foreign Exchange

Internal Audit, as a third line of defense, plays a crucial role in evaluating and reporting on the effectiveness of the institution's governance, risk management, and control processes. Thus, in line with “Circular 3.978/20” and best practices, the Seal Regulation establishes the evaluation of three main aspects:



In this cycle, the results were as follows:



Internal Audit on AML/CFT and Foreign Exchange

The main deficiencies identified in this requirement are the following:

Audit plan: lack of contemplation in the scope of the AML/CFT program and foreign exchange operations, as well as the institution's board of directors' approval, as provided for in "CMN Resolution No. 4.879/20";

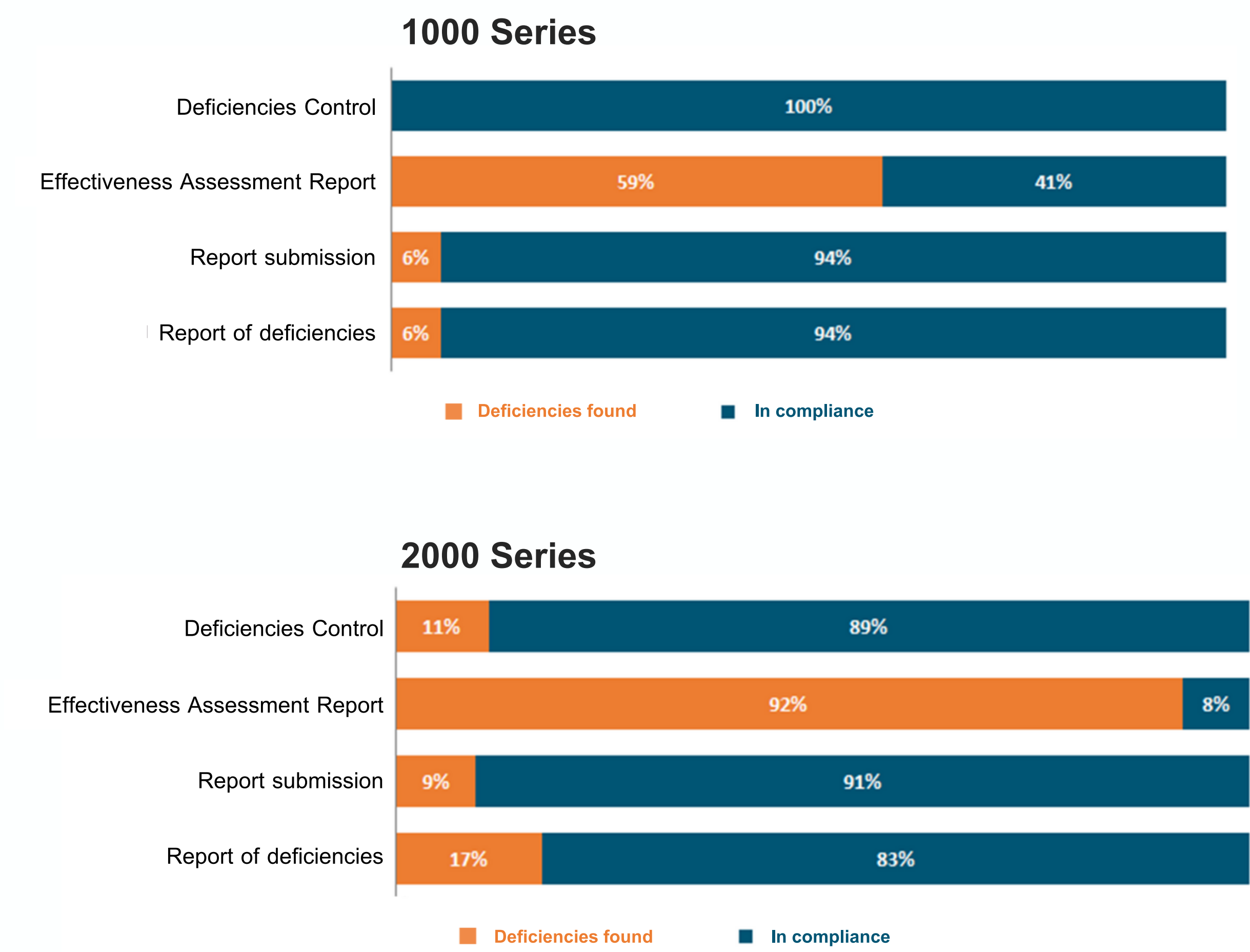
Audit report: lack of contemplation of the scope of the AML/CFT program and foreign exchange operations, as well as the institution's board of directors' approval. In addition, basis for the results recorded in the report and details that include the collection and analysis of information, followed by the performance of comprehensive tests that adequately support the conclusions and recommendations of the report. Finally, the existence of a conflict of interest in the performance of the internal audit was also identified;

Deficiencies Control: lack of control and monitoring of observations/notes identified by the Internal Audit, BACEN, Internal Controls, Compliance and Seal Assessment, or even definition of remediation plans for the notes identified by the entities/areas mentioned above.

Effectiveness Assessment

Institutions must evaluate the effectiveness of the policy, procedures, and internal controls referred to in “Circular 3.978/20”, annually, and prepare an Effectiveness Assessment Report with a base date of December 31. This report must be forwarded to senior management by March 31 of the year following the base date.

In this cycle, the results were as follows:



Effectiveness Assessment

The main deficiencies identified in this requirement are the following:

Effectiveness Report: lack of formalization of the methodology used to define the effectiveness of the processes evaluated; lack of evaluation of all the procedures listed in article 63 of “Circular 3.978/20”, especially the evaluation of the effectiveness of the parameters for selecting suspicious operations and situations; and inadequacy in the evaluations carried out, in regard to the absence of the basis for the tests carried out;

Report of the report and control: lack of formalization or non-submission to the audit committee, board of directors or, if non-existent, to the institution's board of directors, of the effectiveness evaluation report, as well as the action plans for the deficiencies identified in the effectiveness evaluation and respective follow-up report, within the regulatory deadlines;

Deficiencies Control: lack of control and follow-up of observations/notes identified in the effectiveness evaluation.

ABRACAM Seal Control

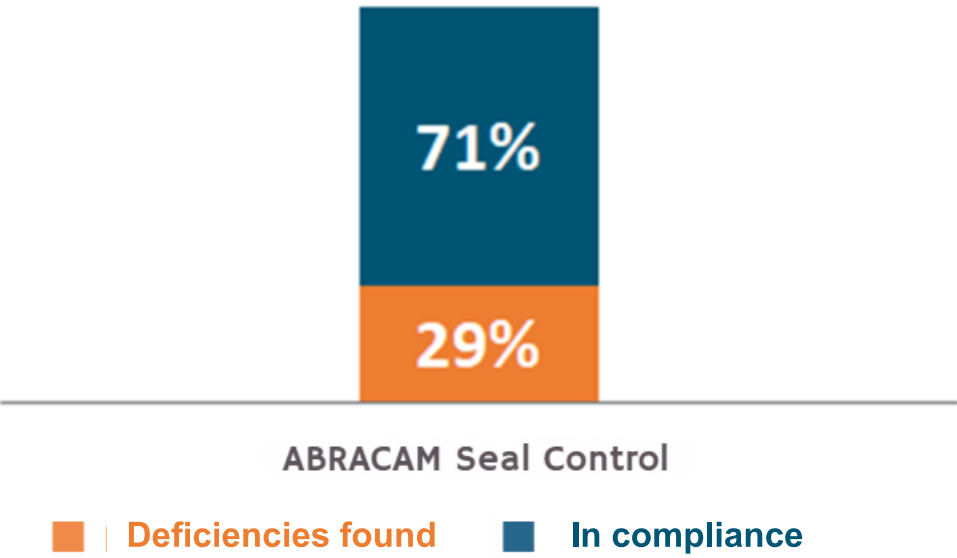
The purpose of this procedure is to verify whether the institutions or entities have operated, after obtaining their respective Seal, with any other institution or entity included in the Series or Subseries listed in the ABRACAM Regulation that do not hold the Seal.

In this sense, institutions that have transacted with other institutions or foreign exchange correspondents that do not hold the Seal were identified. All cases identified were treated in a timely manner by the institutions that presented such deficiency. In these cases, failures were observed in the controls determined by the institutions, in regard to the effective date and deadline for re-entry into the annual evaluation process.

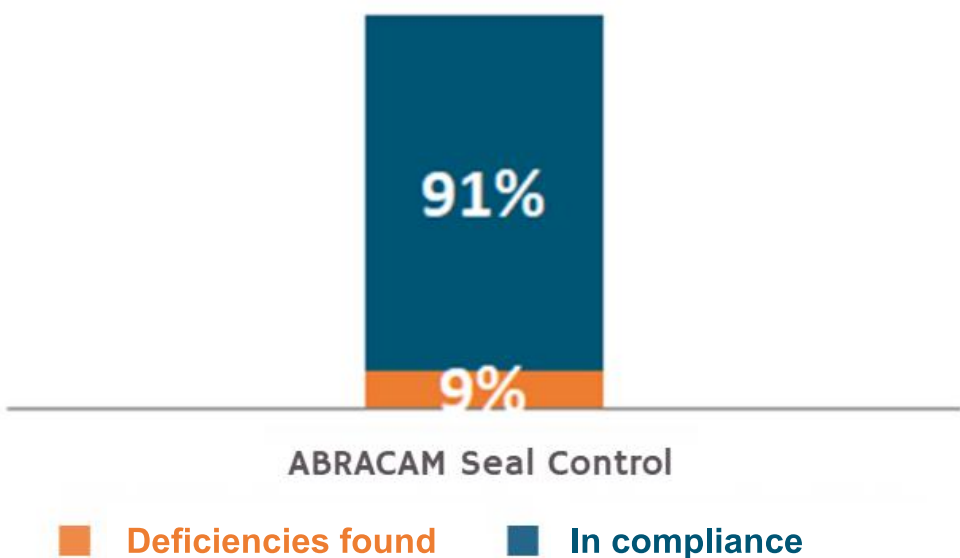
It should be noted that institutions must implement control in order to ensure that their operations or transactions are carried out only with institutions or foreign exchange correspondents that have the current ABRACAM Seal, or a valid Declaration of Participation in the revision of the ABRACAM Seal.

The results obtained in this cycle were as follows:

1000 Series



2000 Series



It is worth mentioning that recurrence in operations or supply of *bank notes* or CCME with institutions that do not hold the Seal may result in the loss of the Seal, as provided for in the ABRACAM Regulation.

3000 Series – Key Aspects Observed

The compliance requirements assessed for obtaining the Series 3000 Seal were evaluated based on a pre-established roadmap that covers all aspects provided for in the Regulation.

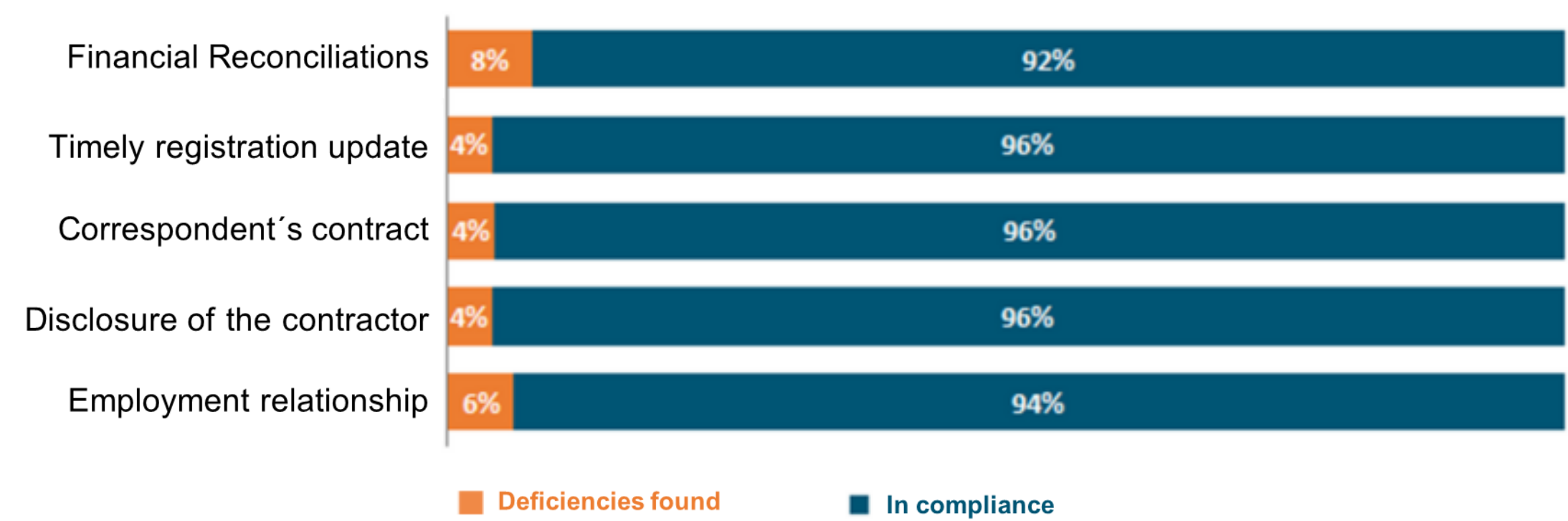
1. Correspondent contract	3. AML/CFT Training and ABT and ABT1 Certifications
<ul style="list-style-type: none">Financial settlementsTimely communication to the contracting institutionCorrespondent ContractDisclosure to the public of the contracting institution's status as a service providerFormalization of the employment relationship	<ul style="list-style-type: none">AML/CFT TrainingForeign Exchange Certification (ABT)Foreign exchange certification (ABT1)
2. Identification of the final beneficiary	4. KYC Procedures
<ul style="list-style-type: none">Identification of the final beneficiary (Partners and managers)Information on the final beneficiary of the correspondent to the contracting institution	<ul style="list-style-type: none">KYC EffectivenessSuspicious operations and situations
	5. Monitoring procedures
	<ul style="list-style-type: none">Camera monitoring system
	6. Reporting channel
	<ul style="list-style-type: none">Knowledge and access to the internal reporting channel of the contracting institution

Correspondent Contract

The correspondent’s contract is the instrument by which the hiring of correspondents by financial institutions and other institutions authorized to operate by the Central Bank of Brazil is formalized, which must follow what is established in Resolution No. 4.935/21.

The adequacy assessment of the contract includes the following aspects:

- I. The existence of the exclusivity clause: it is important to mention that this requirement applies only to correspondents who carry out the activity of buying and selling foreign currency in cash, checks or traveler's checks, as well as loading foreign currency on a prepaid card, as provided for in article 13, item four;
- II. The disclosure to the public, by the correspondent, of its status as a service provider to the contracting institution;
- III. Compliance with the regulatory deadline set for the realization of financial settlements;
- IV. The employment relationship or contractual relationship of another kind, of the natural persons who make up the correspondent's team, involved in the service to customers and users;
- V. The communication of registration changes by the correspondents to the contractors.



In this cycle, the greatest difficulty of the institutions evaluated was to show that the financial settlements with the contractor happen, at most, every two business days.

Identification of the Final Beneficiary

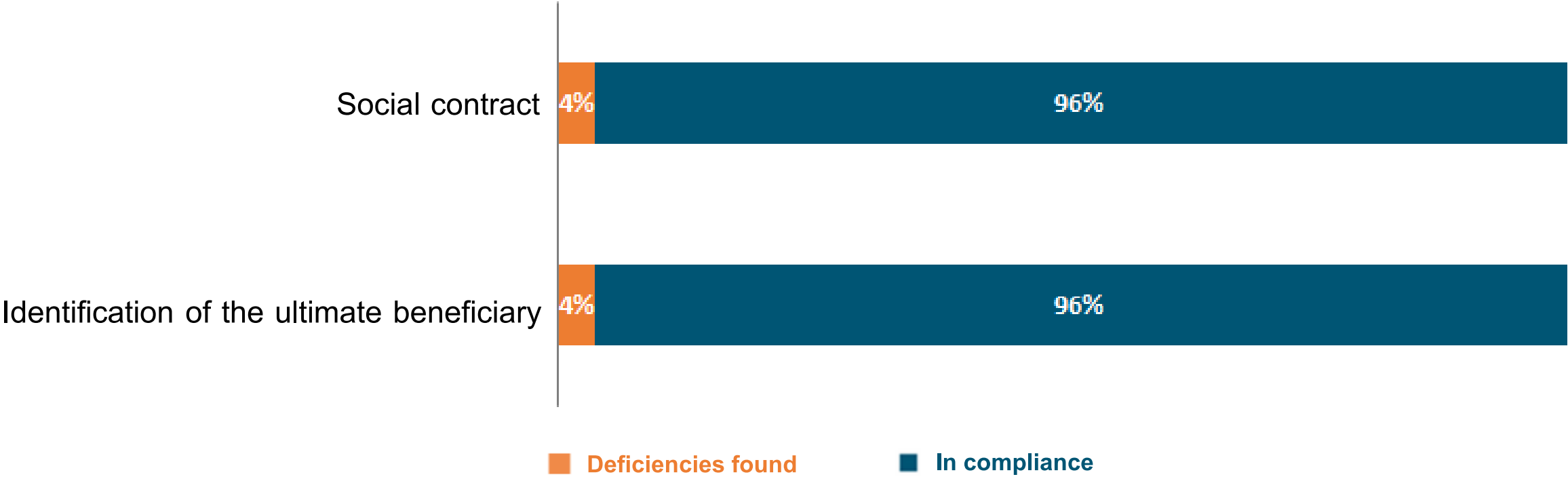
This requirement aims to assess whether the final beneficiary of the correspondent has been duly informed to the contracting institution.

From the perspective of the contracting institution, this identification must be made as part of its KYP process, in addition to being important for compliance with Resolution No. 4.935/21.

It is important, from the AML/CFT perspective, to contribute to the mitigation of risk in relation to current and/or future partners that may eventually bring risk to the institution, to customers or to the financial system.

When evaluating the results of this cycle, as shown in the graph below, an absolute compliance index on the part of the exchange correspondents can be noted.

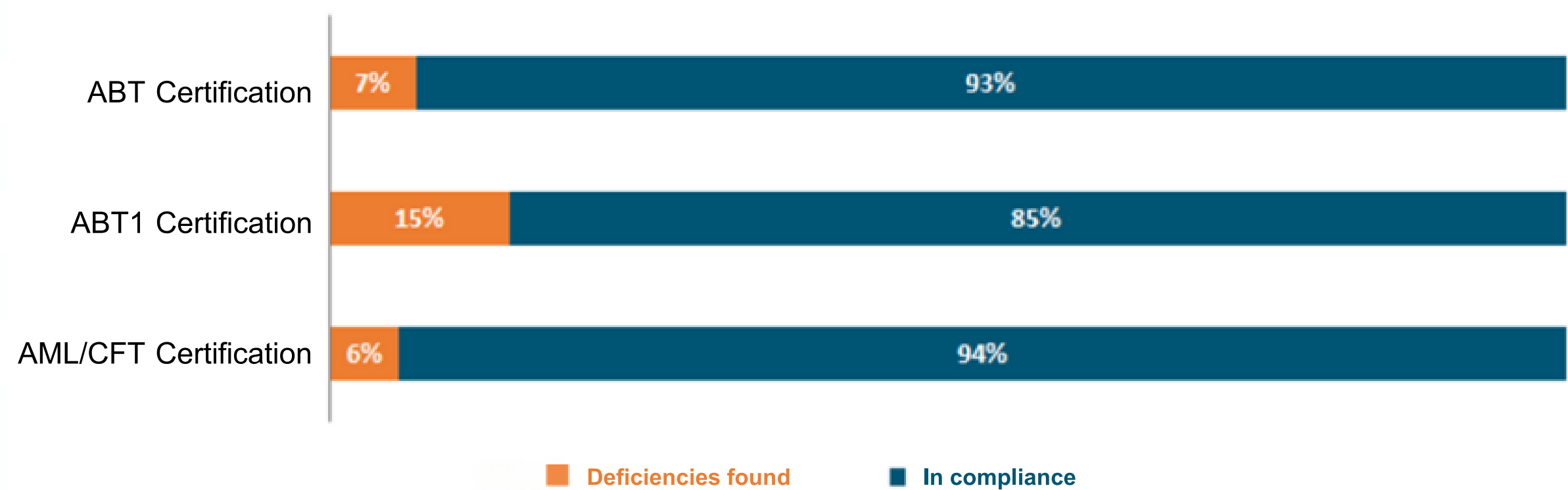
In this cycle, some institutions were not able to demonstrate the link of the final beneficiary identified with the institution and/or formalize such identification in the articles of association.



AML/CFT Training and ABT and ABT1 Certifications

In the same way as required of the contracting institutions, according to the Series 1000 and 2000 Seal Regulations, correspondents must also ensure that the person responsible for the operations and employees who are directly involved in the exchange operations are properly trained and informed about AML/CFT policies, procedures and controls adopted by the contracting institution. In addition, they must ensure that the person responsible for operations at each service point has certification issued by ABRACAM, level ABT1. For other employees and collaborators who have already completed the probationary period, the requirement is ABT level certification.

It is also worth mentioning that ABT1 certification continues to be a necessary requirement for approval in the Seal. This requirement impacted 15% of the institutions evaluated in the period, which through the ACA (Adjustment Commitment Agreement), had the opportunity to certify the professionals responsible for the operations at each service point.



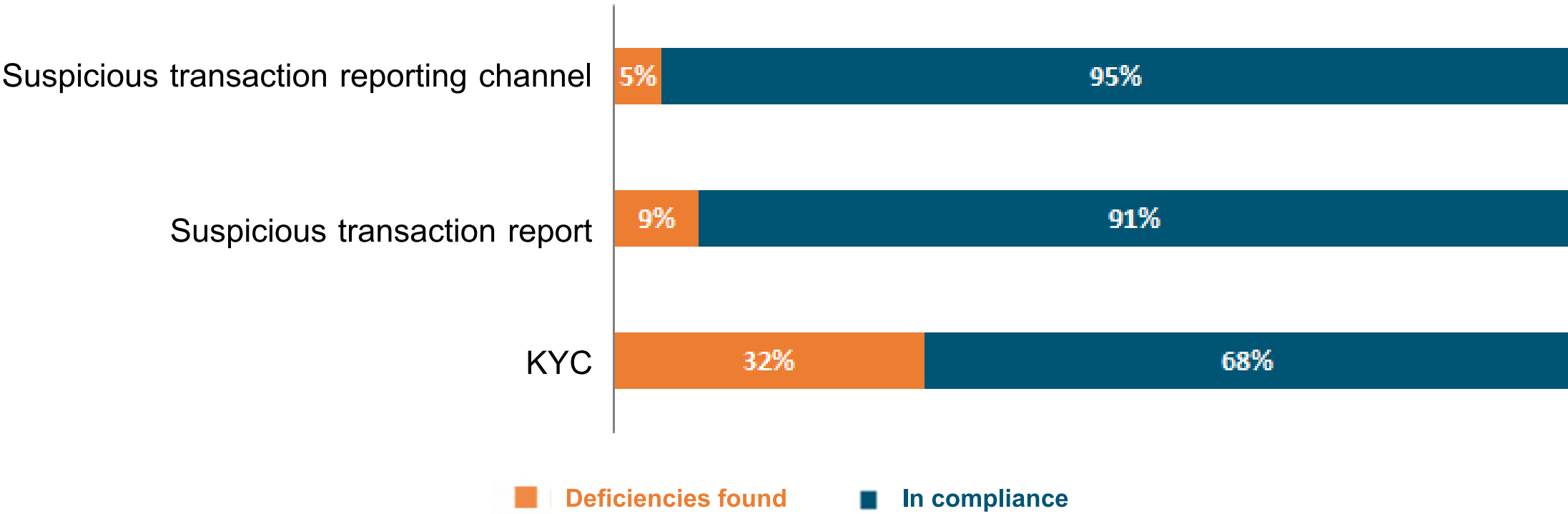
KYC Procedures

This requirement aims to assess whether the correspondent follows the procedures aimed at knowing the client, including carrying out procedures that ensure due diligence in the identification, qualification, and classification of the client or its representative, as determined by the contracting institution and in line with “Circular No. 3.978/20”.

In this cycle, the main deficiencies identified were:

- I. Failure to collect identification documents from customers;
- II. Failure to collect customer income information, standard information recorded in the system, without proper proof of direct collection from the customer;
- III. Lack of proper identification and qualification of managers and representatives of corporate clients;
- IV. Absence of proper registration of the risk classification of customers in the system;
- V. Lack of knowledge of the contractor's internal channel for reporting suspicious transactions;
- VI. Absence of identification and/or communication of suspicious transaction to the contractor.

In relation to item VI, the lack of identification of potential suspicious situations, such as fractionations, stands out.



Operations carried out by correspondents were also observed, exceeding the limits (US\$ 1,000.00 and 3,000.00) established in Article 13 of CMN Resolution No. 4.935/21.

Surveillance camera monitoring

Surveillance camera monitoring is required for correspondents who carry out the activity of buying and selling foreign currency in cash, checks or traveler's checks, as well as loading foreign currency on a prepaid card.

The results of this cycle demonstrate the adherence of the majority percentage of correspondents, with occasional deficiencies being identified in cases in which the correspondent did not provide satisfactory evidence for analysis.

In this sense, the main deficiencies observed were:

- I. Lack of proof of the proper operation of the monitoring system;
- II. Cameras that are not working, poorly positioned and/or images with low resolution; and
- III. Lack of proof of the proper storage of the images and respective recording history.

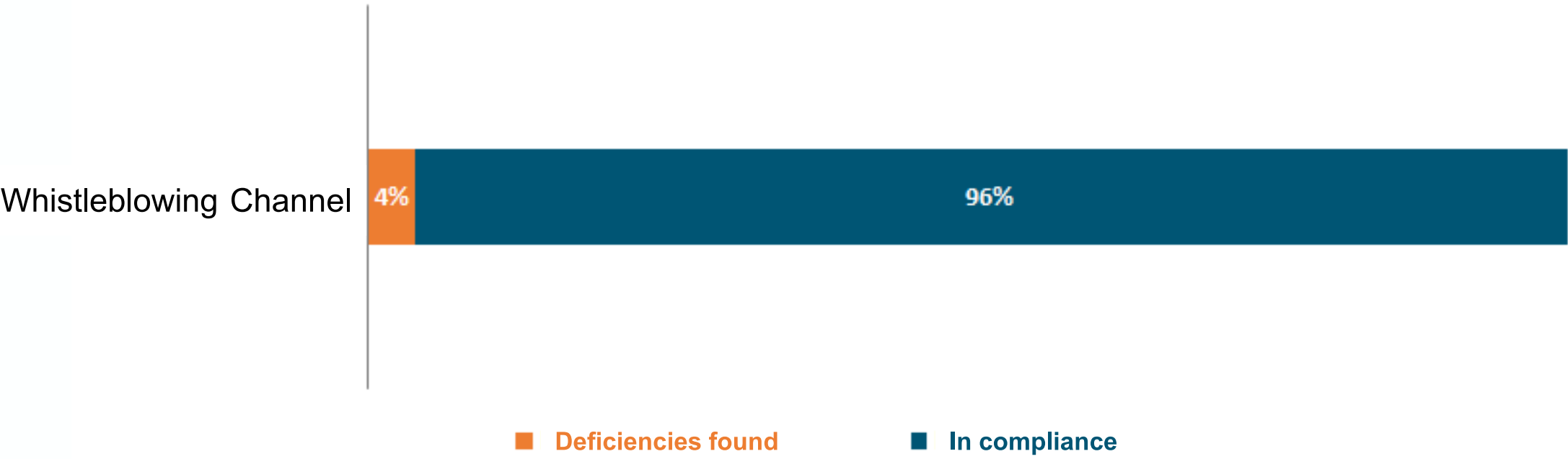


Whistleblowing Channel

In this pillar, it is evaluated whether the correspondent's employees have knowledge and access to the internal communication channel for complaints of the contracting institution, according to the legal requirements provided for in Resolution No. 4.859/20.

We can note the adherence of the majority percentage that the contracting institution has an internal communication channel for complaints, provided for in Resolution No. 4.859/20 and that this channel has been informed and is available to the correspondent's employees.

Despite this, the increase in the percentage of disability by three percentage points stands out, compared to the previous year.





ABRACAM

Associação Brasileira de Câmbio

Institutions in compliance (*)

(*) Institutions with a valid seal or in the process of evaluation

Compliant institutions¹

1000 Series – Banks

- BANCO BRADESCO S.A.
- BANCO BS2 S.A.
- BANCO DAYCOVAL S.A.
- BANCO DO BRASIL S.A.
- BANCO FIBRA S.A.
- BANCO GENIAL S.A.²
- BANCO GUANABARA S.A.
- BANCO MASTER S.A.
- BANCO RENDIMENTO S.A.
- BANCO SAFRA S.A
- BANCO SANTANDER (BRASIL) S.A.
- BANCO SEMEAR S.A.
- BANCO SOFISA S.A.²
- BANCO TOPÁZIO S.A.
- BANCO WESTERN UNION DO BRASIL S.A.
- BRAZA BANK S.A. BANCO DE CÂMBIO
- BRB BANCO DE BRASÍLIA S.A.²
- CAIXA ECONÔMICA FEDERAL
- EBURY BANCO DE CÂMBIO S.A.
- ITAÚ UNIBANCO S.A.
- MONEYCORP BANCO DE CÂMBIO S.A.
- OURIBANK S.A. BANCO MULTIPLO
- TRAVELEX BANCO DE CÂMBIO S.A.

(1) Institutions with a valid seal, in the process of renewal or in ACA on 31.12.2024
(2) Institutions in the 1st evaluation process on 31.12.2024

Compliant institutions¹

Series 2000 – Foreign exchange brokers, brokers and securities distributors

ADVANCED CORRETORA DE CâMBIO LTDA.

AGK CORRETORA DE CâMBIO S.A.

AMARIL FRANKLIN CORRETORA DE TÍTULOS E VALORES LTDA

AVENUE SECURITIES DTVM LTDA²

AVS CORRETORA DE CâMBIO LTDA.

B&T CORRETORA DE CâMBIO LTDA.

BOA VIAGEM SOCIEDADE CORRETORA DE CâMBIO LTDA.

BPY CORRETORA DE CâMBIO, TÍTULOS E VALORES MOBILIARIOS S.A.

BRADERCO KIRTON CORRETORA DE CâMBIO S.A.

BROKER BRASIL CORRETORA DE CâMBIO LTDA.

BRX CORRETORA DE CâMBIO LTDA.

CAMBIONET CORRETORA DE CâMBIO LTDA.

CODEPE CORRETORA DE VALORES E CâMBIO S.A.

COLUNA S.A. DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS

CONFIDENCE CORRETORA DE CâMBIO S.A.

CORREPARTI CORRETORA DE CâMBIO LTDA.

COTACAO DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS S.A.

DASCAM CORRETORA DE CâMBIO LTDA.

DILLON S/A DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIARIOS

DOURADA CORRETORA DE CâMBIO LTDA.

EFX CORRETORA DE CâMBIO LTDA

EXECUTIVE CORRETORA DE CâMBIO LTDA

EXIM CORRETORA DE CâMBIO

(1) Institutions with a valid seal, in the process of renewal or in ACA on 31.12.2024

(2) Institutions in the 1st evaluation process on 31.12.2024

Compliant institutions¹

Series 2000 – Foreign exchange brokers, brokers and securities distributors

FAIR CORRETORA DE CÂMBIO S.A
FOURTRADE CORRETORA DE CÂMBIO LTDA.
FRENTE CORRETORA DE CÂMBIO LTDA.
GET MONEY CORRETORA DE CÂMBIO S.A.
GOOD CORRETORA DE CÂMBIO LTDA.
GUITTA CORRETORA DE CÂMBIO LTDA.
H H PICCHIONI S.A. CORRETORA DE CÂMBIO E VALORES MOBILIÁRIOS
INTERCAM CORRETORA DE CÂMBIO LTDA.
LABOR SOCIEDADE CORRETORA DE CÂMBIO LTDA.
LASTRO RDV DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.
LEVYCAM - CORRETORA DE CÂMBIO E VALORES LTDA.
MARMARIS CORRETORA DE CÂMBIO LTDA.
MIRAE ASSET (BRASIL) CORRETORA DE CÂMBIO, TÍTULOS E VALORES
MOBILIÁRIOS LTDA.
NUMATUR CORRETORA DE CÂMBIO LTDA.
NUMBER ONE SOCIEDADE CORRETORA DE CÂMBIO LTDA.
OM DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.
ONNIX CORRETORA DE CÂMBIO LTDA
OSLO DTVM
OZ CORRETORA DE CÂMBIO S.A
PACIFIC INVEST DTVM LTDA
PLANNER CORRETORA DE VALORES S.A.
PRONANCE SOCIEDADE CORRETORA DE CÂMBIO LTDA
SAYGO CORRETORA DE CÂMBIO S.A.

(1) Institutions with a valid seal, in the process of renewal or in ACA on 31.12.2024

(2) Institutions in the 1st evaluation process on 31.12.2024

Compliant institutions¹

Series 2000 – Foreign exchange brokers, brokers and securities distributors

SINGRATUR CORRETORA DE CâMBIO LTDA

TERRA INVESTIMENTOS DISTRIBUIDORA DE TÍTULOS E VALORES
MOBILIARIOS LTDA²

TREVISO CORRETORA DE CâMBIO S.A.

TROCKA CORRETORA DE CâMBIO LTDA

TURCAMBIO - CORRETORA DE CâMBIO LTDA

UNIDA DTVM LTDA

VIPS CORRETORA DE CâMBIO LTDA

WESTERN UNION CORRETORA DE CâMBIO S.A.

WISE BRASIL CORRETORA DE CâMBIO LTDA

(1) Institutions with a valid seal, in the process of renewal or in ACA on 31.12.2024

(2) Institutions in the 1st evaluation process on 31.12.2024

Glossary

ABRACAM	- Brazilian Foreign Exchange Association
RBA	- Risk-Based Approach
NRA	- National AML/CFT Risk Assessment
SRA	- Sectorial Risk Assessment
ABT	- Intended for employees of foreign exchange correspondents and attendants and cashiers of financial institutions authorized to operate in foreign exchange
ABT1	- Intended for professionals who work or intend to work in institutions authorized by the BCB to operate in foreign exchange and for the employees of their correspondents. In the foreign exchange correspondents, the managers and a minimum number of employees, depending on the total amount, must be certified at the ABT1 level. In authorized financial institutions, all professionals in the final areas (foreign exchange desk, compliance, risk assessment, internal controls and back office) who are directly involved in the operations must also have the ABT1 certificate
ABT2	- More demanding than ABT1, the ABT2 certificate is intended for directors and managers responsible for the final areas (foreign exchange desk, compliance, risk assessment, internal controls and back office) of institutions authorized to operate in foreign exchange by the Central Bank of Brazil
IA	- Internal Audit
IRA	- Internal Risk Assessment
BACEN/BCB	- Banco Central do Brasil
CCME	- Checking account in foreign currency
COAF	- Financial Activities Control Council
FATF	- Financial Action Task Force
KYC	- Know Your Client
KYE	- Know Your Employee
KYP/S	- Know Your Partner/Supplier
MSAC	- Monitoring, Selection, Analysis and Communication of Operations
PEP	- Politically Exposed Person
AML/CFT	- Anti-Money Laundering and Counter Financing of Terrorism

Thanks

ABRACAM thanks all those who made it possible and contributed to the success of this important initiative of the AML/CFT Compliance Seal for the foreign exchange market: our members, especially the participants of the Forum with the Central Bank of Brazil; our employees, who spare no effort since its conception and implementation and, now, for its consolidation; EY, for the partnership and permanent willingness to support its improvement; and the institutions and entities, associated or not, which adhered to the process and obtained the Seal, contributing to the achievement of the desired objectives.

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Selo ABRACAM
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